

**Domestic Fundamentals:****Market Outlook:**

*The cotton physical market showed a mixed trend today. MCX cotton spot price was lower at Rs.31,620/bale on Monday. ICE cotton futures closed red on Friday.*

**News:** All 82 cotton ginning units of Punjab are unable to keep their operations running to capacity due to a shortage of nearly one-fourth of the required natural fibre in the market. Industry sources say the shortage of raw cotton is due to pink bollworm attack in the major cotton-growing districts of Bathinda and Mansa and pockets of Barnala, Sangrur and Muktsar. State government's projection says a drastic drop in cotton production due to the pest attack. Factory owners say they are facing financial losses as the units are working between 25-50% of the capacity while nearly 10 units are lying shut in Bathinda and Mansa.

**The central Board of Indirect Taxes and customs notified the hike in GST rate from 5-12 percent on fabric, apparel and footwear w.e.f. January 2022.** The objective behind the proposed increase is to correct the problem of Inverted Duty Structure faced by a small segment of the textile value chain. Although the Retailers Association of India has urged the government to reconsider the decision as it will adversely impact 85 percent of the textile sector. The Chamber of Industrial and Commercial Undertaking has also written a letter to Union Finance Minister seeking a rollback of the decision.

**Cotton Association of India has maintained its yearly cotton crop estimate at 360.13 lakh bales.** Cotton Association of India has released its monthly balance sheet for October 2021. Cotton supply for October month is estimated at 107.12 lakh bales, which consist of the arrivals of 31.12 lakh bales, imports of 1 lakh bales during October 2021 and consumption is estimated at 27.91 lakh bales while export shipments of cotton up to 31<sup>st</sup> October 2021 is estimated at 4 lakh bales. Stock at the end of October 2021 is estimated at 75.21 lakh bales.

**Cotton arrivals have slowed down in Punjab.** Due to pink bollworm infestation earlier in the season, the crop has been affected in the major cotton producing areas of Bhatinda, Mansa, Sangrur and Barnala. The arrivals has been the slowest in the last five years, indicating a drastic fall in production this season. As per the Punjab Mandi Board, Punjab this time may face it challenging to touch even 50 percent of the 50 lakh quintals of cotton produced in 2020-21. Till 18<sup>th</sup> November 2021, around 7.98 lakh quintals of cotton was purchased in 9 districts as compared to 16 lakh quintals for the corresponding period last year.

*Rising price of cotton bales have posed a huge threat to Karur textile manufacturing and export industries, which are gearing up for the annual international textile fair, which is set to take place in Germany as majority of the trade depends on foreign orders received during the expo.*

**Cotton prices have dropped by 8-10 percent in Telangana.** The prices have dropped from the maximum level after 10 days. Prices have dropped to Rs. 7,830 per quintal from a high of Rs. 8,710 in a few mandis. Prices in other parts of the country have also dropped by some three percent, while on the multi commodity exchange, cotton futures fell 5 percent on Monday.

**Cotton production for 2021-22 is projected at 362 lakh bales.** The Committee on Cotton Production and Consumption has projected the cotton production for 2021-22 season at 362 lakh bales, opening stock is projected at 73.20 lakh bales and imports at 10.50 lakh bales, the total availability for this season is likely to be 445.88 lakh bales as against 485.66 bales the previous season. The demand from textile mills including small scale units is estimated at 322 lakh bales, and exports were pegged at 45 lakh bales.

**Weather Forecast:**

*Thunderstorm accompanied with lightening & gusty winds at isolated places over Adaman & Nicobar Islands, and with lighting at isolated places over Coastal Andhra Pradesh & Yanam, Rayalaseema, Tamil Nadu, Pondicherry & Karikal and*

kerala & Mahe. Heavy rainfall at isolated places over Tamil Nadu, Pondicherry & Karikal and heavy rainfall at isolated places over Coastal Andhra Pradesh & Yanam, Rayalaseema, and Kerala & Mahe.

### International Fundamentals:

The ICE cotton Futures was higher by 2 points at 120.38 cents/lb. The Cotlook A index was at 127.50 cents/lb. The AWP for cotton was at 102.56 cents/lb.

According to the fibre to fashion textile and apparel (texpro) data, Pakistan cotton production is expected to increase in 2021-22 season by 44.44 percent to 6.50 million bales compared to 4.50 million bales in 2020-21 season due to excellent conditions during harvest and a good growing season. Cotton imports are expected to fall by 6.19 percent during 2021-22 season as compared to 5.33 million bales in 2020-21 season. The country's cotton yarn and cloth exports have been rising consistently since the beginning of this year. Further Cotton consumption in Pakistan is also expected to increase by 5.64 percent to 11.23 million bales in 2021-22 compared to 10.63 million bales in 2020-21 season.

The United States is now looking to enhance its stake in cotton exports to Bangladesh to strengthen the US foothold in Bangladesh's market, the US exporters and their representative put an emphasis on resolving issues, such as obligation to fumigate US cotton after imports, not being able to send cotton laden ships directly to Bangladesh in the absence of a deep seaport, a hike in shipping costs and other logistic costs.

USDA has released US cotton harvested as of 21st November 2021, showing the US at 75 percent versus the 5 year average of 71 percent. Georgia and South Carolina were the furthest behind, while California, Texas and Oklahoma were the furthest ahead.

According to the USDA'S WASDE November report, the U.S. production was projected slightly higher at 18.2 million bales while the domestic mill use and exports were unchanged. U.S. ending stock were projected higher at 3.4 million which is 250,000 above the previous year.

The cotton harvest season in Xinjiang is expected to last until mid-November this year, with the output expected to reach 5.2 million tonnes. The region has contributed nearly 90 percent of china's cotton production capacity and about 20 percent of the global cotton production.

### MCX Cotton Futures\*: (Prices in Rs/170 kgs)

| Contract | +/- | Open  | High  | Low   | Close | Volume | OI  |
|----------|-----|-------|-------|-------|-------|--------|-----|
| MXCTNC1  | +60 | 31510 | 31520 | 30980 | 31470 | 268    | 323 |

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

| Commodity      | Kapas          |               | Prices (Rs./Quintal) |           | Change |
|----------------|----------------|---------------|----------------------|-----------|--------|
| State          | Centre         | Variety       | 29-Nov-21            | 27-Nov-21 |        |
| Gujarat        | Ahmedabad      | Shankar-6     | 8500                 | 8500      | Unch   |
|                | Gondal         | Shankar-6     | 8630                 | 8630      | Unch   |
|                | Rajkot         | B.T. Cotton   | 8700                 | 8615      | 85     |
|                | Patan          | B.T. Cotton   | 8500                 | 8375      | 125    |
|                | Kadi           | B.T. Cotton   | 8500                 | 8500      | Unch   |
|                | Deesa          | B.T. Cotton   | 8050                 | 8050      | Unch   |
|                | Dhrol          | B.T. Cotton   | 8525                 | 8500      | 25     |
| Haryana        | Bhiwani        | B.T. Cotton   | 8350                 | 8350      | Unch   |
|                | Bhiwani        | Desi          | NA                   | NA        | -      |
|                | Adampur        | B.T. Cotton   | 8400                 | 8400      | Unch   |
|                | Fatehabad      | B.T. Cotton   | 8350                 | 8350      | Unch   |
|                | Jind           | B.T. Cotton   | 8200                 | 8200      | Unch   |
|                | Uchana         | B.T. Cotton   | 8600                 | 8600      | Unch   |
|                | Dabwali        | B.T. Cotton   | 8700                 | 8700      | Unch   |
| Rajasthan      | Hanumangarh    | B.T. Cotton   | 8700                 | 8700      | Unch   |
|                | Rawatsar       | B.T. Cotton   | 8800                 | 8800      | Unch   |
| Madhya Pradesh | Khandwa        | Mech-1        | 8500                 | Closed    | -      |
|                | Khargaon       | Mech-1        | NA                   | 8600      | -      |
| Maharashtra    | Amravati       | Mech-1        | 8550                 | 8550      | Unch   |
|                | Jamner         | Medium Staple | NA                   | NA        | -      |
| Uttar Pradesh  | Hathras        | B.T. Cotton   | 7000                 | 7000      | Unch   |
|                | Hathras        | Desi          | 7000                 | 7000      | Unch   |
| Telangana      | Adilabad       | Un-Ginned     | NA                   | NA        | -      |
| Karnataka      | Bijapur        | Bunny         | NA                   | NA        | -      |
|                | Hubli          | D.C.H.        | 7289                 | 7959      | -670   |
|                | Hubli          | B.T. Cotton   | NA                   | NA        | -      |
|                | Raichur        | H-44 Cotton   | NA                   | NA        | -      |
| Commodity      | Lint           |               | Prices (Rs./Maunder) |           | Change |
| State          | Centre         | Variety       | 29-Nov-21            | 27-Nov-21 |        |
| Punjab         | Bhatinda       | J-34          | 6620                 | 6620      | Unch   |
|                | Abohar         | J-34          | 6600                 | 6600      | Unch   |
|                | Mansa          | J-34          | 6620                 | 6620      | Unch   |
| Haryana        | Sirsa          | J-34          | 6500                 | 6500      | Unch   |
| Rajasthan      | Sri-Ganganagar | J-34          | 6242                 | 6242      | Unch   |

**Cotton Arrivals in Key Centers:**

| Commodity      | Kapas          |               | Arrivals (Quintal) |           | Change |
|----------------|----------------|---------------|--------------------|-----------|--------|
| State          | Centre         | Variety       | 29-Nov-21          | 27-Nov-21 |        |
| Gujarat        | Ahmedabad      | Shankar-6     | 59500              | 59500     | Unch   |
|                | Gondal         | Shankar-6     | 2742               | 2983      | -241   |
|                | Rajkot         | B.T. Cotton   | 7000               | 7000      | Unch   |
|                | Patan          | B.T. Cotton   | 14821              | 17450     | -2629  |
|                | Kadi           | B.T. Cotton   | 30000              | 20000     | 10000  |
|                | Deesa          | B.T. Cotton   | 1400               | 2000      | -600   |
|                | Dhrol          | B.T. Cotton   | 491                | 378       | 113    |
| Haryana        | Bhiwani        | B.T. Cotton   | 2200               | 2500      | -300   |
|                | Bhiwani        | Desi          | NA                 | NA        | -      |
|                | Adampur        | B.T. Cotton   | 2040               | 2040      | Unch   |
|                | Fatehabad      | B.T. Cotton   | 1000               | 1000      | Unch   |
|                | Jind           | B.T. Cotton   | 510                | 850       | -340   |
|                | Uchana         | B.T. Cotton   | 400                | 800       | -400   |
|                | Dabwali        | B.T. Cotton   | 1800               | 2500      | -700   |
| Rajasthan      | Hanumangarh    | B.T. Cotton   | 3000               | 3000      | Unch   |
|                | Rawatsar       | B.T. Cotton   | 5000               | 10000     | -5000  |
| Madhya Pradesh | Khandwa        | Mech-1        | 800                | Closed    | -      |
|                | Khargaon       | Mech-1        | NA                 | 7110      | -      |
| Maharashtra    | Amravati       | Mech-1        | 10000              | 15000     | -5000  |
|                | Jamner         | Medium Staple | NA                 | NA        | -      |
| Uttar Pradesh  | Hathras        | B.T. Cotton   | 60                 | 60        | Unch   |
|                | Hathras        | Desi          | 10                 | 10        | Unch   |
| Telangana      | Adilabad       | Un-Ginned     | NA                 | NA        | -      |
| Karnataka      | Bijapur        | Bunny         | NA                 | NA        | -      |
|                | Hubli          | D.C.H.        | 59                 | 12        | 47     |
|                | Hubli          | B.T. Cotton   | NA                 | NA        | -      |
|                | Raichur        | H-44 Cotton   | NA                 | NA        | -      |
| Commodity      | Lint           |               | Arrivals (Quintal) |           | Change |
| State          | Centre         | Variety       | 29-Nov-21          | 27-Nov-21 |        |
| Punjab         | Bhatinda       | J-34          | 6800               | 6800      | Unch   |
|                | Abohar         | J-34          | 850                | 850       | Unch   |
|                | Mansa          | J-34          | 340                | 340       | Unch   |
| Haryana        | Sirsa          | J-34          | 1700               | 1700      | Unch   |
| Rajasthan      | Sri-Ganganagar | J-34          | 5000               | 5000      | Unch   |

**Cotton Seed Oil Prices:**

| Commodity | Cotton Seed Oil | Price | Change |
|-----------|-----------------|-------|--------|
|-----------|-----------------|-------|--------|

| State       | Centre    | Unit        | 29-Nov-21 | 27-Nov-21 |      |
|-------------|-----------|-------------|-----------|-----------|------|
| Gujarat     | Rajkot    | Rs. /10 Kg. | 1270      | 1265      | 5    |
| Delhi       | New Delhi | Rs. /10 Kg. | NR        | NR        | -    |
| Telangana   | Hyderabad | Rs. /10 Kg. | 1255      | 1260      | -5   |
| Maharashtra | Mumbai    | Rs. /10 Kg. | 1265      | 1265      | Unch |

**Cotton Seed Oil Seed Cake Prices:**

| Commodity   | Cotton Seed Oil Seed Cake |         | Price     |           | Change |
|-------------|---------------------------|---------|-----------|-----------|--------|
| State       | Centre                    | Unit    | 29-Nov-21 | 27-Nov-21 |        |
| Gujarat     | Mahesana (Kadi)           | Rs./Qtl | 2694      | 2698      | -4     |
| Maharashtra | Akola                     | Rs./Qtl | 2741      | 2757      | -16    |

**INTERNATIONAL PRICES AND INDICES****China Cotton Index:**

| Index        | Unit    | 29-Nov-21 | 26-Nov-21 | Change |
|--------------|---------|-----------|-----------|--------|
| CCIndex(328) | RMB/Ton | 22609     | 22641     | -32    |
| CCIndex(527) | RMB/Ton | 21141     | 21158     | -17    |
| CCIndex(229) | RMB/Ton | 23144     | 23176     | -32    |

RMB -Renminbi, 1RMB =0.16 \$U.S.

**China Foreign Cotton (FCE) Index :**

| Index        | Unit     | 29-Nov-21 | 26-Nov-21 | Change |
|--------------|----------|-----------|-----------|--------|
| FC Index (S) | Cents/lb | 128.86    | 133.31    | -4.45  |
| FC Index (M) | Cents/lb | 127.38    | 131.85    | -4.47  |
| FC Index (L) | Cents/lb | 125.78    | 130.26    | -4.48  |

**Cotlook Index:**

| Cotlook Indices | Unit        | 26-Nov-21 | 25-Nov-21 | Change |
|-----------------|-------------|-----------|-----------|--------|
| A-Index         | Cents/Pound | 127.3     | 127.3     | Unch   |

**USDA Cotton Spot Rates:**

| Growth Area | Unit      | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |
|-------------|-----------|---------------------|---------------------|----------|
|             |           | 26-Nov-21           | 24-Nov-21           | Bales    |
| Southeast   | cents/lb. | 112.78              | 119.03              | 0        |
| North Delta | cents/lb. | 111.53              | 117.78              | 0        |
| South Delta | cents/lb. | 111.53              | 117.78              | 0        |
| East TX-OK  | cents/lb. | 107.03              | 113.53              | 2844     |
| West Texas  | cents/lb. | 108.03              | 114.53              | 3859     |
| Desert SW   | cents/lb. | 106.28              | 113.78              | 26       |
| SJ Valley   | cents/lb. | 106.78              | 119.68              | 0        |

Spot quotations are for cotton equal to the official standards, net weight, in mixed lots. Upland quotations are FOB car/truck, which includes compression and any brokerage charges. The upland base quality is color 41, leaf grade 4, staple 34 (1.05 to 1.07), mike 3.5, 3.6 and 4.3 to 4.9, strength 26.5 to 28.4 grams per Tex and uniformity 80.5 to 81.4

| Pakistan Cotton Spot rates: As on 27-Nov-2021 |          |              |                  | (in Pakistan Rupees) |
|---|----------|--------------|------------------|----------------------|
| Product                                       | Rate for | Ex-Gin Price | Up Country Sales | Spot Rate Karachi    |
| Cotton  | 37.32Kgs | 17500        | 180              | 17680                |
| Equivalent                                    | 40 Kgs   | 18755        | 193              | 18948                |

| Daily Futures Price Listing Friday, Nov 26th, 2021 |        |        |        |        |        |        |              |          |        |
|--|--------|--------|--------|--------|--------|--------|--------------|----------|--------|
| Most Recent Information                            |        |        |        |        |        |        | Previous Day |          |        |
| Month  | Date   | Open   | High   | Low    | Close  | Change | Volume       | Open Int | Change |
| Cotton(ICE)  |        |        |        |        |        |        |              |          |        |
| <a href="#">Dec-21</a>                             | 211126 | 117.50 | 118.50 | 114.97 | 116.60 | -3.78  | 214          | 326      | -149   |
| <a href="#">Mar-22</a>                             | 211126 | 114.47 | 114.49 | 110.81 | 111.78 | -4.00  | 9,877        | 154,743  | -758   |
| <a href="#">May-22</a>                             | 211126 | 112.85 | 112.86 | 109.18 | 109.93 | -4.17  | 3,068        | 43,214   | +1,096 |
| <a href="#">Jul-22</a>                             | 211126 | 109.50 | 109.50 | 106.35 | 106.85 | -3.63  | 733          | 25,673   | +112   |
| <a href="#">Oct-22</a>                             | 211126 | 94.77  | 94.77  | 94.77  | 94.77  | -2.61  | 0            | 35       | +0     |
| <a href="#">Dec-22</a>                             | 211126 | 91.36  | 91.36  | 89.50  | 89.77  | -1.99  | 309          | 31,452   | +130   |
| Total Volume and Open Interest                     |        |        |        |        |        |        | 14,242       | 261,005  | +452   |

Source: MRCI

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